

Hearing Date: November 22, 2011
Time: 3:00 p.m. Eastern Time
Location: New York, New York

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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

MF GLOBAL, INC.

Debtor.

Case No. 11-2790 (MG) SIPA

**STATEMENT OF THE COMMODITY FUTURES TRADING COMMISSION IN
SUPPORT OF TRUSTEE'S EXPEDITED APPLICATION FOR ENTRY OF AN ORDER
ESTABLISHING PARALLEL CLAIMS PROCESSES FOR COMMODITIES AND
SECURITIES CLAIMS AND EXPEDITED MOTION FOR AN ORDER APPROVING
FURTHER EMERGENCY TRANSFERS AND DISTRIBUTIONS TO CUSTOMERS**

The Commodity Futures Trading Commission ("Commission") supports the Trustee's recently filed Expedited Application for Entry of an Order Establishing Parallel Claims Processes for Commodities and Securities Claims ("Expedited Application") and Expedited Motion for an Order Approving Further Emergency Transfers and Distributions to Customers

(“Expedited Motion”). The requested orders will put in place mechanisms for the prompt initiation of the claims process for MF Global Inc. (“MFGI”) commodity customers as well as for the transfer to accounts accessible to such customers of 60% of funds now held in “cash-only” commodity accounts with MFGI. The Commission expects the Trustee to use the mechanisms put in place to move as promptly as is practicable and prudent to determine commodity customers’ *pro rata* share of MFGI customer funds, return funds to customers, and place all customers on an equal footing. The Commission notes that the Trustee has advised the Court in its Expedited Motion that it expects to be able to make one or more additional interim distributions as part of the expedited claims process, with a goal of ensuring equal treatment of all of MFGI’s customers. The Commission will continue to work diligently to identify and recover all MFGI commodity customer funds.

The Commission believes that the approach to determining commodity customer claims and returning commodity customer funds that would be put in place by grant of the Expedited Application and Expedited Motion would be preferable to the approach implicit in the motion filed by Thomas A. Butler, Jr. *et al.* on November 8, 2011. That motion seeks an order directing the trustee to effectuate a withdrawal or transfer of 85% of the funds currently held in movants’ segregated commodity customer accounts at MFGI.¹ The Commission believes, in particular, that the systematic approach to addressing all customer claims reflected in the Trustee’s

¹ Movants state that the Commission believes that MFGI currently holds approximately 88.4% of the funds necessary to make whole each of its commodity account holders. Motion at 2. That assertion is incorrect. At the hearing before this Court held on November 2, 2011, counsel for the Commission explained “The last number we have [for the shortfall in MFGI segregated funds] is something on the order of \$600 million. But one cannot say that that is the final number.” Doc. 63-3 at 20. As of now, the size of the shortfall remains uncertain despite the diligent efforts of the Trustee and the CFTC to ascertain the precise amount.

Expedited Application and Expedited Motion is preferable to one involving piecemeal motions by limited groups of customers.

The Commission will continue to play an active role in this liquidation proceeding to assist the Trustee in carrying out his duties with regard to commodity customers and to help ensure that the process for the return of customer funds that would be put in place by the Trustee's Expedited Application and Expedited Motion will proceed as expeditiously and equitably as possible.

Respectfully submitted,

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